

Message Text

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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C O N F I D E N T I A L SECTION 1 OF 3 NASSAU 0240

E.O. 11652: GDS

TAGS: ECON EFIS MOPS PINT

SUBJ: LUNCHEON CONVERSATION WITH DEP PRI MIN ARTHUR HANNA

1. SUMMARY: IN A LENGTHY LUNCHEON CONVERSATION WITH THE DEPRIMIN AND MINISTER OF FINANCE ARTHUR HANNA, HE REVEALED HIMSELF AS HIS USUAL HIGHLY INTELLIGENT SELF, BUT PERHAPS MORE CLEARLY THAN ON PREVIOUS OCCASIONS AS THE PURVEYOR OF THE MORE LEFTIST VIEW WITHIN THE PLP GOVERNMENT. END SUMMARY

2. PLP ECONOMIC PROGRAM. I INDICATED THAT I HAD HEARD FROM VARIOUS QUARTERS EXPRESSIONS OF CONCERN OVER THE GOVERNMENT'S INTENTIONS WITH REGARD TO THE RECENTLY ANNOUNCED ECONOMIC PROGRAMS. AMONG OTHER THINGS I SPECIFICALLY MENTIONED THE UNCERTAINTY ENGENDERED BY THE PROPOSALS FOR BAHAMIANIZATION OF CERTAIN SMALLER BUSINESSES WITHIN FIVE YEARS AND OF A 60 PERCENT OWNERSHIP OF LARGER BUSINESSES WITHIN TEN. I SAID QUESTIONS HAD BEEN RAISED CONCERNING WHERE THE FINANCES WOULD COME FROM TO EFFECT SUCH BAHAMIAN OWNERSHIP. I NOTED THAT IN SOME INSTANCES ACCUSATIONS WERE MADE THAT PRESSURES WOULD BE GENERATED TO FORCE SALE UNDER DISTRESSED CIRCUMSTANCES, THUS THE GOVERNMENT CLAIM THAT IT WOULD AVOID NATIONALIZATION, WHILE
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PERHAPS LITERALLY CORRECT, WAS NOT FULLY CREDITED. I SAID THAT

THE WORK PERMIT FEES WERE PARTICULARLY DISTRESSING TO SOME AND I ASKED WHETHER THEIR PRINCIPAL PURPOSE WAS TO FORCE THE PACE OF BAHAMIANIZATION OR, ALTERNATIVELY, TO SECURE REVENUE. IN SUM, I STATED THAT WE HAD RECEIVED REPORTS FROM VARIOUS QUARTERS OF UNCERTAINTY WITH REGARD TO THE FUTURE DIRECTION OF THE BAHAMIAN ECONOMY AND WITH REGARD TO THE GOVERNMENT'S ATTITUDE TOWARD ENCOURAGING NEW INVESTMENT. HANNA CONCEDED THAT HE HAD HEARD THESE SIMILAR CONCERNS. HE EVEN WENT SO FAR AS TO ADMIT THAT PERHAPS THE GOVERNMENT WAS SOMEWHAT AT FAULT IN ITS FAILURE TO CLARIFY ITS POSITION, BUT WENT ON TO ARGUE THAT THE CONCERNS WERE NOT FULLY JUSTIFIED:

A. BAHAMIANIZATION OF BUSINESS. SO FAR AS BAHAMIANIZATION OF BUSINESS, IT WAS THE GOVERNMENT'S VIEW THAT THOSE CITED FOR BAHAMIANIZATION WITHIN FIVE YEARS WERE THE SMALL ENTREPRENEURIAL ORGANIZATIONS WHICH SHOULD UNDER ANY REASONABLE INTERPRETATION BE IN BAHAMIAN HANDS. TO THAT EXTENT, HE GRANTED THAT THE EFFORT WAS CLEARLY DESIGNED TO MOVE OUT FOREIGN OWNERSHIP. FOR THE LARGER INDUSTRIES, HE SAID THE GOVERNMENT'S VIEW WAS TWO-FOLD. IN THE FIRST PLACE, A CERTAIN LIMITED NUMBER OF INDUSTRIES SUCH AS UTILITIES SHOULD BE GOVERNMENT-OWNED. FOR THE MOST PART THEY WERE ALREADY AND FOR THOSE THAT WERE NOT, SUCH AS THE TELEPHONE COMPANY ON GRAND BAHAMA, HE BELIEVED THERE EXISTED A RECEPTIVITY TO SELL TO THE GOVERNMENT. (COMMENT: HAVING RECENTLY BEEN VISITED BY THE PRESIDENT OF CONTINENTAL TELEPHONE, MR. CHARLES WOHLSTETTER, WHO OWNS THE GRAND BAHAMA PHONE COMPANY, I WAS SOMEWHAT FAMILIAR WITH THE PROBLEM. ACCORDINGLY, I ASKED HANNA WHETHER THAT WASN'T A GOOD EXAMPLE OF SALE UNDER DURESS SINCE THE COMPANY CLAIMED THE GOVERNMENT THROUGH ITS CONTROL OF RATES REFUSED AN INCREASE REQUEST DESPITE RISING COSTS. HANNA DENIED THAT IT WAS. HE ARGUED THAT IF THE COMPANY COULD MAKE A GOOD CASE FOR A RATE INCREASE HE BELIEVED THAT THEY WOULD BE ACCORDED AN INCREASE. IF THEY COULDN'T OR IF DESPITE WHAT THE GOVERNMENT CONSIDERED TO BE A FAIR RATE INCREASE CONTINENTAL TELEPHONE STILL WANTED TO SELL, THE GOVERNMENT WOULD BE RECEPTIVE PROVIDED THEY COULD GET TOGETHER ON A MUTUALLY AGREED PRICE.)

SECOND, WITH REGARD TO THOSE LARGER INDUSTRIES WHICH THE GOVERNMENT BELIEVED SHOULD REMAIN IN PRIVATE HANDS, THE GENERAL

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PHILOSOPHY OF ATTEMPTING TO ACHIEVE 60 PERCENT BAHAMIAN OWNERSHIP HELD. HOWEVER, HANNA ARGUED THIS WAS NOT AN INFLEXIBLE RULE. IF THERE WERE INDUSTRIES WHICH OUTSIDE INVESTORS WANTED TO DEVELOP IN THE BAHAMAS (OR WHICH ALREADY EXISTED HERE) AND FOR WHICH 60 PERCENT BAHAMIAN OWNERSHIP AND FINANCING COULD NOT BE FOUND THEN THE GOVERNMENT WAS PREPARED TO CONSIDER AMENDING ITS GENERAL GOALS. PERHAPS A LESSER SHARE OF BAHAMIAN OWNERSHIP WOULD SUFFICE, OR A LONGER PERIOD FOR SUCH OWNERSHIP

TO BUY INTO THE COMPANY IN QUESTION OR, INDEED, PERHAPS NO BAHAMIAN OWNERSHIP AT ALL. IT ALL DEPENDED UPON HOW MUCH THE PARTICULAR INVESTMENT WAS SEEN AS BEING IN THE INTEREST OF THE BAHAMAS.

I ASKED HANNA HOW THE GOVERNMENT INTENDED TO CLARIFY ITS POSITION ON SUCH MATTERS. I NOTED IN PARTICULAR THAT THE SEMINARS WHICH THE PRIMIN HAD TOLD ME HE INTENDED TO HOLD HAD NOT MATERIALIZED. WOULD THEY BE HELD LATER?

HANNA RESPONDED THAT THEY POSSIBLY WOULD BE "SINCE THE PRIMIN LIKES SEMINARS." HOWEVER, WHAT HE WAS WORKING ON WAS A PAPER WHICH WOULD SPELL OUT IN DETAIL THE GOVERNMENT'S VIEWS ON PRECISELY THE SORTS OF MATTERS WE HAD BEEN DISCUSSING. ALTHOUGH I TRIED ON SEVERAL OCCASIONS TO PIN HIM DOWN AS TO WHEN SUCH A PAPER WOULD BE AVAILABLE THE CLOSEST I COULD GET WAS AGREEMENT ON HIS PART THAT IT WOULD PROBABLY BE WITHIN THE NEXT COUPLE OF MONTHS.

B) WORK PERMITS. SO FAR AS WORK PERMITS WERE CONCERNED, MR. HANNA SAID THAT THE GOVERNMENT'S PURPOSES WERE CLEARLY A MIX AS BETWEEN REVENUE RAISING AND BAHAMIANIZATION. INsofar AS A GIVEN INDUSTRY EMPLOYED NON-BAHAMIANS AND FOUND THAT THE NEW WORK PERMIT FEES WERE TOO STIFF, HE COULD EASILY SEE HOW THIS MIGHT ENCOURAGE THEM TO MOVE MORE BAHAMIANS INTO THOSE PARTICULAR JOBS. IN PART, THIS WAS PRECISELY WHAT WAS INTENDED. ON THE OTHER HAND, HE BELIEVED THAT THE LARGER CORPORATIONS OPERATING IN THE BAHAMAS (HE CITED BANKS, LARGE HOTELS AND LATER IN OUR CONVERSATION BORCO AND BURMA) COULD WELL AFFORD TO PAY THE FEES IN QUESTION. HE NOTED THAT HE PERSONALLY

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PREFERRED AN INCOME TAX AND THOUGHT THAT AT SOME POINT IN THE FUTURE THAT WOULD BECOME INEVITABLE. THIS WAS NOT POSSIBLE NOW, HOWEVER, AND HE THOUGHT THAT THE FEES ESTABLISHED FOR WORK PERMITS WERE NOT AN UNREASONABLE FORM OF INDIRECT TAXATION. WHEN I NOTED THAT CERTAIN FIRMS HAD ARGUED THAT THEIR PROFITS WERE SUFFICIENTLY MARGINAL SO THEY MIGHT BE FORCED OUT OF BUSINESS OR THAT LARGER FIRMS WHO PERIODICALLY HAD TO BRING IN LARGE NUMBERS OF TECHNICIANS TO SERVICE EQUIPMENT CLAIMED THE ADDED COSTS WERE PROHIBITIVE, HANNA'S ATTITUDE RANGED FROM SKEPTICISM TO OUTRIGHT REJECTION. HE SHOWED NO CONCERN OVER THE POSSIBILITY THAT THE ALTERNATIVE TO PAYING THE WORK PERMIT FEES OR EMPLOYING BAHAMIANS WAS TO CLOSE DOWN THE BUSINESS.

3. CASINOS. HANNA CITED AS AN EXAMPLE OF WHERE THE NEW ECONOMIC POLICY STATEMENT OF THE GOVERNMENT "PERHAPS HAD NOT BEEN FULLY THOUGHT OUT" WAS ITS APPLICATION TO THE CASINOS. ON THE ONE HAND BAHAMIANS ARE BY LAW PRECLUDED FROM WORKING IN THE CASINOS. ON THE OTHER HAND, FEES FOR CASINO PERSONNEL WERE VERY STIFF. HANNA NOTED, HOWEVER, THAT THE CASINOS WERE AN EXCEPTION TO THE GENERAL RULE THAT WORK PERMITS WERE A FAIR SOURCE OF INDIRECT TAXES, IN THAT THEY WERE TAXED ON THEIR INCOME. ACCORDINGLY, IT DID NOT MAKE SENSE TO IGNORE THIS
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FACT IN SETTING WORK PERMIT FEES. HE EXPRESSED THE VIEW THAT THIS FACTOR WOULD BE TAKEN INTO ACCOUNT IN NEGOTIATING NEW ARRANGEMENTS WITH THE CASINOS (I.E., EITHER WORK PERMIT FEES WOULD BE LOWERED OR THE AMOUNT OF TAKE OF THE REVENUE OF THE CASINOS WOULD BE ADJUSTED DOWNWARD TO TAKE ACCOUNT OF THE WORK PERMIT PAYMENTS). I ASKED HANNA WHETHER THE GOVERNMENT STILL INTENDED TO TAKE OVER THE CASINOS. HE SAID THEY DID AND WERE, AS A MATTER OF FACT, NOW IN PROCESS OF NEGOTIATING THE SPECIFIC DETAILS OF FUTURE ARRANGEMENTS. IN RESPONSE TO MY QUESTION, HE STATED THAT THE GOVERNMENT INTENDED TO TAKE OVER THE CASINOS AND WOULD NEGOTIATE A MANAGEMENT CONTRACT FOR THE PRESENT MANAGEMENT TO CONTINUE OPERATING THE CASINOS ON BEHALF OF THE GOVERNMENT. HE COULD NOT PREDICT HOW SOON SUCH AN AGREEMENT WOULD BE REACHED.

4. LOBSTER FISHING RIGHTS. IN DESCRIBING THE GOVERNMENT'S ATTITUDE TOWARD BAHAMIANIZATION, HANNA CITED BY WAY OF AN EXAMPLE THE LOBSTER NEGOTIATIONS WITH THE U.S. HE EXPLAINED

THAT IT WOULD HAVE BEEN POLITICAL SUICIDE FOR THE GOVERNMENT TO HAVE TAKEN ANY POSITION OTHER THAN TO ESTABLISH THE FULL CONTROL OF THE LOBSTERS ON THE BANK UNDER BAHAMIAN SOVEREIGNTY. I SAID I UNDERSTOOD GCOB DESIRES TO DIVERSIFY THE ECONOMY AND SPECIFICALLY TO IMPROVE THEIR FISHING CAPACITY. HOWEVER, I ASKED WHY ESTABLISHMENT OF SUCH A CLAIM (WHICH WE IN FACT CONCEDED) WAS INCONSISTENT WITH THE BAHAMIANS PERMITTING US TO FISH, UNDER SOME APPROPRIATE FEE ARRANGEMENT, FOR THAT PORTION OF THE LOBSTERS WHICH THEY THEMSELVES COULD NOT TAKE. I SAID THAT I HAD PROPOSED SUCH AN APPROACH TO THE PRIMIN, EVEN SUGGESTING THAT WE WOULD PROGRESSIVELY PHASE DOWN OUR SHARE OF THE CATCH AS THEY INCREASED THEIR CAPABILITIES TO FISH. HANNA RESPONDED THAT THIS WAS REASONABLE IN THEORY BUT FLEW IN THE FACE OF THE POLITICAL AND PSYCHOLOGICAL ATTITUDES OF BAHAMIANS. HE SAID HE DID NOT REJECT THE NOTION AT SOME FUTURE POINT IN TIME (UNSPECIFIED BUT BY IMPLICATION DISTANT) OF WORKING OUT SUCH AN ARRANGEMENT "TO SHARE THE BAHAMIAN LOBSTER RESOURCE" BUT IT COULD NOT BE DONE NOW. AMONG OTHER THINGS, HE SAID THAT THE BAHAMIANS COULD NOT SATISFY THEMSELVES THAT THERE WERE AS MANY LOBSTERS AS THE U.S. MAINTAINED (I POINTED OUT TO HIM THAT THE ESTIMATE WAS A JOINT U.S./BAHAMIAN ONE) OR THAT EVEN IF THE MAGNITUDE WAS ACCURATELY ASSESSED THAT THEY COULD BE CERTAIN THAT IT WOULD CONTINUE TO BE

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AVAILABLE FOR THE INDEFINITE FUTURE. HE CITED THE DEMISE OF THE SPONGE INDUSTRY OVER A RELATIVELY SHORT PERIOD OF TIME AND THE SHARPLY REDUCED AVAILABILITY OF CONCH, ONCE THOUGHT TO BE INEXHAUSTIBLE. HANNA SAID THAT IT WAS HIS UNDERSTANDING THE UNDP PEOPLE WERE CONDUCTING A STUDY ON THE LOBSTER AND THAT IT WAS CONCEIVABLE THAT THIS COULD INFLUENCE THE GOVERNMENT INTO BELIEVING THAT THEY COULD HAVE HIGH CONFIDENCE THAT THE RESOURCE WOULD NOT BE ENDANGERED IF IT WAS TO SOME EXTENT SHARED WITH OTHERS.

5. CUBA. I ASKED HANNA WHAT HIS ATTITUDE WAS TOWARD THE CUBAN INVOLVEMENT IN ANGOLA. HE RESPONDED THAT HE SUPPOSED IT DEPENDED UPON ONE'S POINT OF VIEW. SO FAR AS HE WAS CONCERNED HE VIEWED THE CUBANS AS ONLY RESPONDING TO REQUESTS FOR ASSISTANCE FROM ONE SIDE TO ASSISTANCE PROVIDED BY THE U.S. AND SOUTH AFRICA TO THE OTHER SIDE. I SAID THAT I THOUGHT HIS CHRONOLOGY WAS WRONG, BUT THAT IN ADDITION IT SEEMED TO ME HIGHLY RELEVANT THAT THE SOVIETS AND THE CUBANS WERE SUPPORTING ONE FACTION WHICH REPRESENTED A RELATIVELY SMALL MINORITY OF THE ANGOLAN PEOPLE. HANNA SHRUGGED THIS OFF WITH A "WELL, WE CAN'T REALLY KNOW WHAT THE FACTS ARE." HE WENT ON TO SAY THAT, SO FAR AS HE PERSONALLY WAS CONCERNED, WHATEVER SIDE THE SOUTH AFRICANS WERE ON HE WAS ON THE OTHER SIDE. I NOTED THAT APPARENTLY PRESIDENT KUANDA WAS CONCERNED WITH THE SOVIET AND CUBAN INTERVENTION DESPITE THE SOUTH AFRICAN

PARTICIPATION AGAINST THE MPLA. HANNA SHRUGGED THIS OFF WITH THE COMMENT THAT "WHEN I WAS A STUDENT IN LONDON KUANDA WAS NOT OUR HERO. RATHER IT WAS KENYATTA AND THE MAU MAU. ONLY AFTER KENYATTA DENIED HIS MAU MAU ACTIONS DID I BECOME DIS-ENCHANTED WITH HIM. IN ANY EVENT, KUANDA IS DEPENDENT ON SOUTH AFRICA ECONOMICALLY."

6. JAMAICA. WHAT DID THE MINISTER THINK OF MR. MANLEY'S EFFORT IN JAMAICA? HE HAD SOME RESERVATIONS ABOUT MR. MANLEY, SPECIFICALLY AS TO HOW SINCERE HE WAS IN HIS POLITICAL PHILOSOPHY. MANLEY CLEARLY WISHED TO ESTABLISH HIMSELF AS A LEADER IN THE CARIBBEAN. HANNA DOUBTED HIS ABILITY TO PULL THIS OFF AND EXPRESSED A PERSONAL PREFERENCE FOR BURNHAM. IN ANY EVENT, HE DID NOT THINK THERE WAS MUCH TO CHOOSE FROM AS BETWEEN MANLEY'S PARTY AND THE OPPOSITION SO FAR AS POLITICAL PHILOSOPHY WAS CONCERNED. ON THE QUESTION OF THE RECENT DISORDERS IN KINGSTON, CONFIDENTIAL

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HANNA DID EXPRESS SERIOUS CONCERN. HE COMMENTED THAT MOST FOREIGNERS TENDED NOT TO DISTINGUISH AMONGST THE VARIOUS CARIBBEAN STATES AND HE THOUGHT THE NEWS OF RIOTS AND KILLINGS COULD SERIOUSLY HURT BAHAMIAN TOURIST INDUSTRY.

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7. MOXEY RESIGNATION. I ASKED HANNA WHAT HIS REACTION WAS TO THE RESIGNATION FROM THE PLP OF MEMBER OF PARLIAMENT EDMUND MOXEY. HANNA INDICATED THAT HE HAD JUST RETURNED YESTERDAY WHEN MOXEY'S ANNOUNCEMENT WAS MADE AND DID NOT KNOW THE DETAILS. HIS GENERAL IMPRESSION, HOWEVER, WAS THAT "MOXEY HAS HAD A NERVOUS BREAKDOWN." HAVING BEEN PROGRESSIVELY DROPPED OUT OF PLP RULING CIRCLES BY PINDLING, MOXEY BELIEVES HE IS BEING PERSECUTED AND, ACCORDING TO HANNA, THIS HAS RESULTED ON MOXEY'S PART OF A PERSONAL VENDETTA AGAINST PINDLING. HANNA DID NOT BELIEVE THE OTHER DISSIDENT PLP BACKBENCHERS WOULD JOIN MOXEY.

8. WALLACE-WHITFIELD'S LEADERSHIP. WHAT DID HANNA THINK OF THE IMPLICATIONS OF WALLACE-WHITFIELD TAKING OVER THE FNM? IN GENERAL, HANNA TENDED TO DENIGRATE ITS IMPORTANCE. HE THOUGHT WALLACE-WHITFIELD WAS NOT TRUSTED BY LARGE ELEMENTS OF THE FNM. ACCORDING TO RUMORS REACHING HIM, KENDAL ISAACS WOULD NOT RESIGN HIS SEAT AND THIS WOULD MAKE IT MORE DIFFICULT FOR WALLACE-WHITFIELD TO LEAD THE FNM IN THE NEXT ELECTION. (FOR WALLACE-WHITFIELD'S VERSION OF WHY HE PREFERENCES NOT TO STAND FOR KENDAL ISAACS' SEAT AT THIS TIME, SEE NASSAU 0096.) ALTHOUGH ADMITTING WALLACE-WHITFIELD'S DYNAMISM AND EVEN CONFIDENTIAL

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CONCEDING THAT HE SUPPOSED THE FNM COULD CONCEIVABLY WIN THE ELECTION, HE MADE IT CLEAR THAT HE, HANNA, DID NOT EXPECT THIS TO OCCUR.

9. COMMENTS: A. HANNA'S COMMENTS ON THE PLP ECONOMIC PROGRAM SUGGEST A MIXTURE OF RATIONAL APPLICATION OF BAHAMIANIZATION (I.E., SMALL ENTREPRENEURIAL ESTABLISHMENTS), AND AN INSISTENCE THAT THOSE WHO DO NOT BAHAMIANIZE CAN AFFORD TO PAY. I SUSPECT ON THIS LATTER POINT HE IS FOR THE MOST PART CORRECT. (HOWEVER, I HAVE BEEN TOLD IN CONFIDENCE BY A SENIOR OFFICIAL OF CHASE MANHATTAN THAT THEY WILL LEAVE THE BAHAMAS WITHIN FIVE YEARS IF GCOB ECONOMIC POLICIES PREVAIL.) I AM MOST SKEPTICAL OF HANNA'S PROTESTATIONS THAT THE GOVERNMENT WON'T APPLY SELECTIVE PRESSURE TO FORCE BUSINESSES TO SELL OUT. THIS MAY WELL BE WHAT WILL HAPPEN TO CONTINENTAL TELEPHONE ON GRAND BAHAMA. HOW MUCH THE TOTALITY OF THE PLP ECONOMIC PROGRAM WILL TEND TO DISCOURAGE OUTSIDE INVESTMENT REMAINS TO BE SEEN. HANNA EVIDENCED SOME CONSIDERABLE UNDERSTANDING OF THE DANGER AND IT WILL BE INTERESTING TO SEE WHAT THE PROMISED PAPER OF EXPLANATION BY THE GOVERNMENT LOOKS LIKE. IF, HOWEVER, THE GOVERNMENT ACTS WITH ITS USUAL DISPATCH IT MAY BE MANY MONTHS BEFORE SUCH A PAPER SEES THE LIGHT OF DAY.

B. PERHAPS THE MAIN POINT OF INTEREST WITH REGARD TO HANNA'S COMMENTS ON THE LOBSTERS WAS THE SUGGESTION (THE FIRST EVER FROM ANY GOVERNMENT OFFICIAL) THAT "A SHARING OF THE RESOURCE" MIGHT BE CONCEIVABLE IN THE FUTURE. CLEARLY THIS WOULD NOT BE POSSIBLE IN MY VIEW BEFORE THE ELECTIONS AND EVEN AFTER THE ELECTIONS WOULD APPARENTLY TAKE A UNDP ASSURANCE THAT THE LOBSTERS WOULD BE PLENTIFUL FOR THE INDEFINITE FUTURE, EVEN WITH U.S. FISHING, TO PERMIT ANY POSSIBLE REOPENING OF THIS SUBJECT. IN SHORT, THE CHANCES HERE REMAIN TWO: SLIM AND NONE.

C. THE ATTITUDE REVEALED BY MR. HANNA'S COMMENTS ON THE CUBAN INTERVENTION, KENYATTA AND KUANDA AND MANLEY AND BURNHAM UNABASHEDLY REVEALED HANNA'S LEFTIST PHILOSOPHY. THAT IS NOT NEW BUT IT WAS RATHER POINTEDLY DISPLAYED.

D. I DO NOT KNOW WHETHER THERE IS ANYTHING TO HANNA'S CLAIM CONCERNING MOXEY'S HEALTH, BUT I DID HAVE THE FEELING THAT
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HIS GENERAL DOWNPLAYING OF THE SIGNIFICANCE OF MOXEY'S DISAFFECTION FROM THE PLP HAD AN ELEMENT OF WHISTLING PAST THE GRAVEYARD.

E. HIS COMMENTS CONCERNING A GENERAL LACK OF TRUST IN WALLACE-WHITFIELD ARE ACCURATE. THIS IS A MATTER WHICH HAS PREVIOUSLY BEEN CALLED TO MY ATTENTION EVEN BY FNM SUPPORTERS. HOWEVER, HIS DOWNPLAYING OF THE THREAT WHICH WALLACE-WHITFIELD POSES IN THE UPCOMING ELECTIONS IS NOT TO BE TAKEN AT FACE VALUE.

F. PERHAPS MOST SIGNIFICANT WERE ISSUES HANNA DID NOT RAISE, E.G. THE IRS PROBE AND ESPECIALLY THE FACILITIES NEGOTIATIONS. I ALLUDED TO THESE OBLIQUELY AS OUR LUNCH ENDED, SAYING HE HAD NOT HAD TIME TO RAISE ISSUES OF INTEREST TO HIM. HE REPLIED "PERHAPS AT OUR NEXT LUNCH." THIS TOGETHER WITH A REPORT THAT, IN RESPONSE TO A QUERY FROM THE BRITISH HIGH COMMISSIONER, THE PRIMIN INDICATED NO SENSE OF URGENCY, SUGGESTS THAT THE GOVERNMENT HASN'T YET GOT ITS DUCKS IN A ROW OR, EQUALLY LIKELY, THAT IT IS PLANNING TO TIME ITS ANNOUNCEMENT OF AN AGREEMENT WITH THE ANNOUNCEMENT OF ELECTIONS TO GET MAXIMUM POLITICAL MILEAGE.
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